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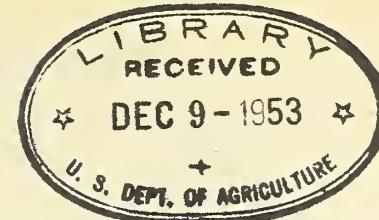
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For Administrative Use

NATIONAL SCHOOL LUNCH PROGRAM

Variable Rates of Assistance

A Guide to States



A system of variable rates makes possible the effective allocation of Federal funds to schools in terms of the specific economic need of each lunch program. Under this system, rates of reimbursement are determined through the development of a formula including certain economic factors which in combination measure the relative need of individual schools or school administrative units for assistance in operating their lunch programs. The approach used by individual States will necessarily vary in accordance with the availability of the economic data, the organization of the State educational system, and its pattern of financing.

This bulletin has been prepared for the information of State school lunch agencies concerned with the development of a system of variable rates of reimbursement. It outlines in brief form the techniques and factors employed by various States in developing objective standards for determining need for assistance.

September 1953
Production and Marketing Administration
U. S. Department of Agriculture

Agriculture-Washington



FEDERAL CASH ASSISTANCE HAS INCREASED ONLY 11.6% SINCE 1947.

FEDERAL CASH APPORTIONMENT

($\$000$)

\$59,896



1947

\$66,875



1953

BUT THE NUMBER OF "A" MEALS HAS MORE THAN DOUBLED!

NUMBER OF "A" MEALS SERVED



527,000,000
IN 1947



1,150,000,000
IN 1953

AND, AS A RESULT, THE NATIONAL AVERAGE OF "A" MEAL INDEMNITY HAS FALLEN 43.7%



8.7¢

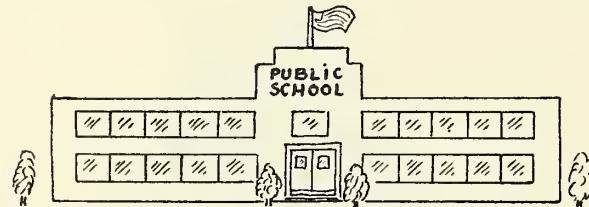
1947



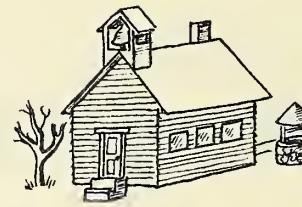
4.9¢

1953

STATES PAYING FLAT RATES MAKE NO DIFFERENTIATION OF NEED BY SCHOOLS OR ABILITY OF PARENTS TO FINANCE THE SLP.

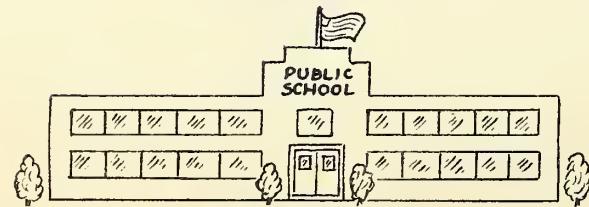


7¢ INDEMNITY

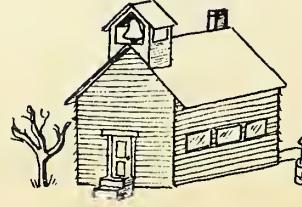


7¢ INDEMNITY

BUT STATES PAYING VARIABLE RATES RECOGNIZE THAT SOME SCHOOLS ARE BETTER ABLE TO FINANCE NSL PROGRAMS.



2¢ INDEMNITY

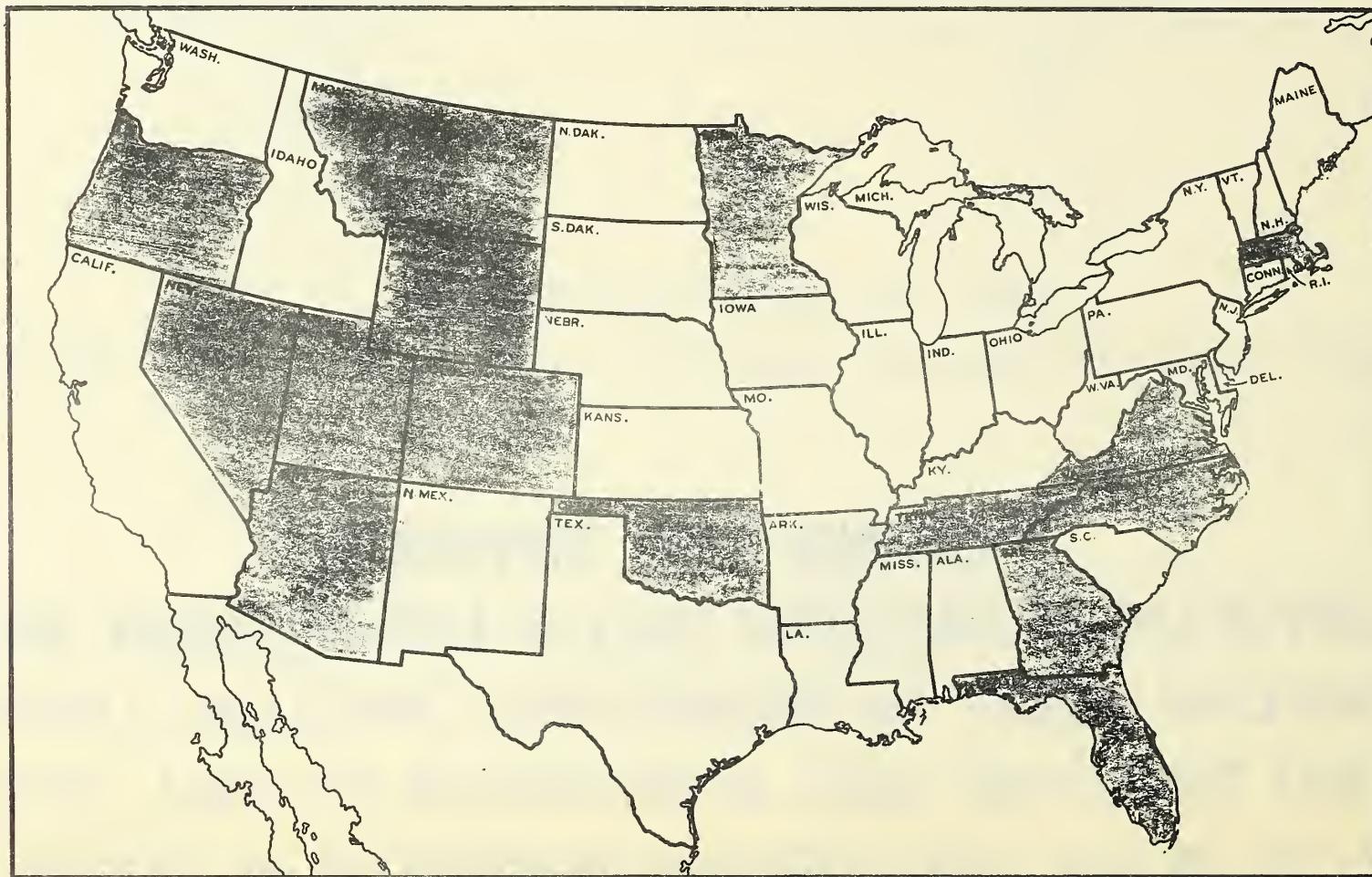


9¢ INDEMNITY

THE PROBLEM OF DETERMINING VARIABLE RATES MAY BE NO MORE DIFFICULT THAN THE DISTRIBUTION OF STATE EDUCATIONAL FUNDS. AND MANY STATES HAVE, OR ARE WORKING ON, FORMULA PROCEDURES FOR THE APPORTIONMENT OF STATE FUNDS WHICH MIGHT BE ADAPTED TO VARIABLE RATE PURPOSES.

HAS THIS FORMULA BEEN INVESTIGATED FOR VARIABLE RATE USE?

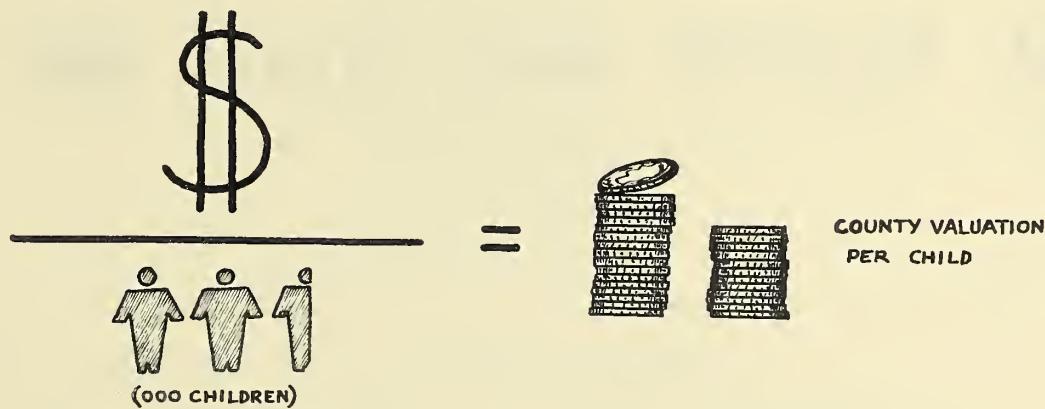
15 STATES ARE CURRENTLY USING VARIABLE RATE FORMULAS



SOME STATE EQUALIZATION FORMULAS FOR THE SETTING OF VARIABLE RATES ARE BASED ON SEVERAL ECONOMIC FACTORS



BUT THE NUMBERS OF CHILDREN TO BE EDUCATED IN THE VARIOUS COUNTIES DIFFER
SO WEALTH OF THE COUNTIES IS MEANINGFUL ONLY IN PER CAPITA TERMS



HERE IS HOW SOME STATES HAVE ADAPTED THEIR STATE EQUALIZATION FORMULAS FOR VARIABLE RATE PURPOSES.

BEFORE FINAL APPROVAL, THE EXPERIMENTAL RATES
MUST BE CHECKED FOR FISCAL CONTROL PURPOSES
TO SEE THAT ESTIMATED EXPENDITURES DO NOT
EXCEED FUNDS AVAILABLE FOR REIMBURSEMENT

ASSIGNED RATES FOR "A" MEALS	ESTIMATED NUMBER MEALS TO BE SERVED AT EACH RATE	ESTIMATED REIMBURSEMENTS FOR "A" MEALS
CENTS		
3	1,110,000	\$ 33,300.00
4	2,170,000	86,800.00
5	1,404,000	70,200.00
6	1,560,000	93,600.00
7	1,995,000	138,950.00
8	1,503,000	120,240.00
9	1,198,000	107,820.00
TOTAL	10,930,000	\$ 650,910.00

\$ 738,140.00 — FUNDS AVAILABLE FOR REIMBURSEMENTS

\$ 650,910.00 — ESTIMATED EXPENDITURES FOR "A" MEAL REIMBURSEMENTS

\$ 87,230.00 — AMOUNT AVAILABLE FOR OTHER-THAN "A" MEAL REIMBURSEMENT AND SURPLUS IF
"A" MEAL PARTICIPATION EXCEEDS ESTIMATES.

FOR VARIABLE RATE PURPOSES THE COUNTIES OR DISTRICTS ARE RANKED
IN ORDER OF THE PER CHILD VALUATION

AND REIMBURSEMENT RATES ARE ASSIGNED ON AN EXPERIMENTAL BASIS

COUNTY	PER CHILD VALUATION	RANK	ASSIGNED RATE
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D	\$32,500	1	
H	31,750	2	3¢
B	31,500	3	
J	28,000	4	
Y	27,750	5	4¢
L	27,500	6	

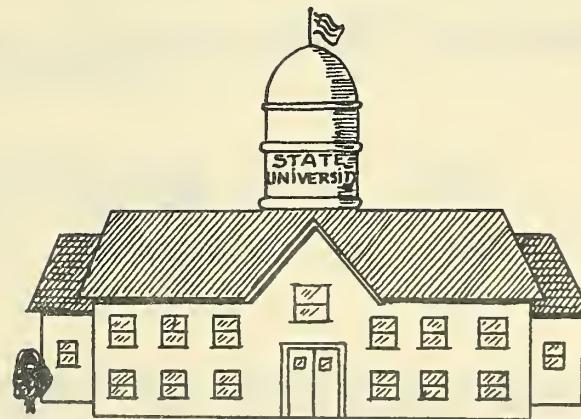
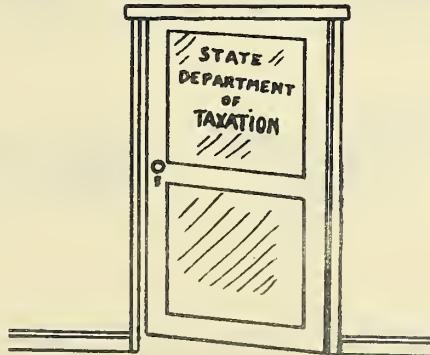


F	3,100	19	
M	2,500	20	9¢
A	2,000	21	

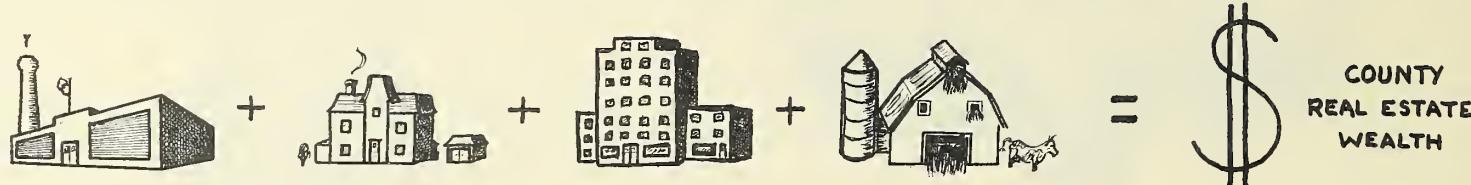
- BUT

HOWEVER, SOME STATES WHILE HAVING FORMULAS FOR DISTRIBUTING STATE SCHOOL FUNDS, APPORTION SUCH FUNDS ON A FLAT BASIS OR SOME OTHER PROCEDURE WHICH DOES NOT ALLOW THE FORMULA TO BE USED FOR VARIABLE RATES

BUT OTHER STATE GOVERNMENT AGENCIES MAY HAVE DATA WHICH CAN BE USED



OTHER EQUALIZATION FORMULAS ARE BASED ON PROPERTY VALUES ONLY



BUT HERE, TOO, NOT THE TOTAL COUNTY VALUE, BUT THE VALUE PER CHILD DETERMINES STATE AID:

CLASS	STANDARD VALUATION PER RESIDENT PUPIL	
1	NOT OVER	\$ 1,500
2	\$1,501	2,250
3	2,251	3,000
4	3,001	3,750
5	3,751	4,500
6	4,501	5,500
7	5,501	6,500
8	6,501	7,500
9	7,501 AND OVER	

THE CLASSES THUS SET UP CAN BE USED FOR VARIABLE RATE PURPOSES

SCHOOL DISTRICT CLASSIFICATION	INDEMNITY RATE "A" MEALS
GROUPS 1 AND 2	9¢
GROUPS 3 AND 4	8¢
GROUP 5	7¢
GROUPS 6 AND 7	6¢
GROUPS 8 AND 9	5¢

ANOTHER METHOD CURRENTLY USED FOR VARIABLE RATES IS
THE INDIVIDUAL SCHOOL FORMULA

BASED ON

1. AVERAGE DAILY NUMBER OF LUNCHES SERVED
2. AMOUNT OF OPERATIONAL BALANCE
3. PERCENT OF FREE MEALS SERVED
4. PRICES CHARGED FOR LUNCHES.

AND, IF NEEDED,

A GENERAL ECONOMIC FACTOR

